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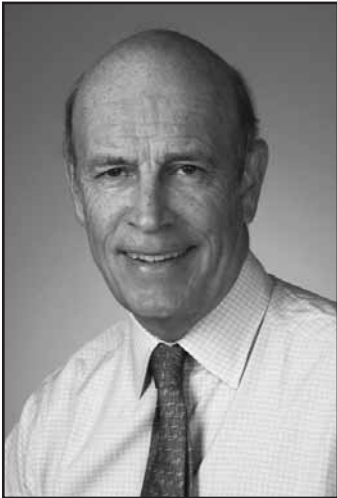
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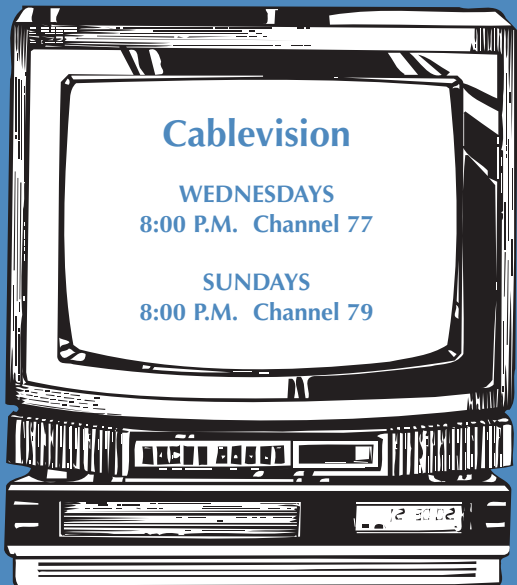


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Cable TV Report

I discussed the legislative session in a new televised conversation with Governor Jodi Rell. The program will be shown on Cablevision every Wednesday at 8:00 P.M. on Channel 77 (Public access) and every Sunday at 8:00 P.M. on Channel 79 (Government access).

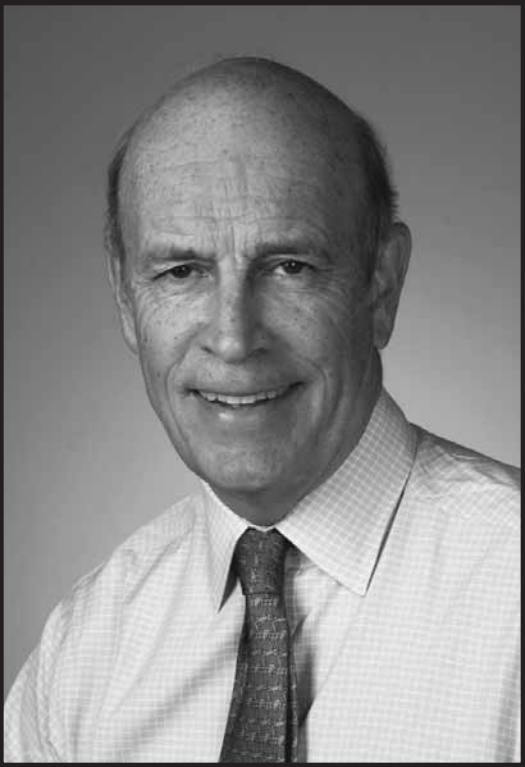


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State Senator
William H. Nickerson



Dear Constituent,

This is my report to you on the 2006 session of the General Assembly. Overall I was pleased with the session and proud to serve with our new Governor Jodi Rell. Without a doubt she has restored confidence and a sense of purpose in state government.

My report covers important accomplishments, particularly in transportation, and some areas where I feel the General Assembly fell short and more work needs to be done.

I welcome your thoughts on any state issue of interest to you.

Very Truly Yours,
William H. Nickerson
Senator William H. Nickerson



William H. Nickerson

Budget and Taxes

The budget adopted this year was a considerable improvement over last year’s effort. The spending increase was down to 5.8%, still too high as measured against the rate of inflation but far better than last year’s increase. Expenditures came in under the constitutionally mandated spending cap, but just barely. At a spending level of \$16.1 billion the budget was only \$4 million under the allowable cap. The budget placed \$189 million in the budget reserve fund, known as the “Rainy Day” fund, bringing the total in the fund to \$795 million. However, even with this addition the fund stands at only 54% of the amount required by the State Constitution. The state still has a long way to go to be in full compliance with this requirement.

On the tax side there were some important improvements. The property tax credit on the personal income tax was increased to \$500, the 15% corporate tax surcharge was eliminated and the local property tax on manufacturing machinery and equipment will be phased out over five years.

However, a major failing of this session was that no action was taken on Governor Rell’s proposals regarding the estate tax enacted last year. She proposed to increase the exemption from \$2 million to \$4 million and to phase the estate tax out entirely over five years. She also proposed to fix the so-called “cliff” which occurs when an estate has \$1 of assets over the \$2 million exemption. This triggers a tax imposed on the entire estate, not just on the extra \$1.

The Finance, Revenue & Bonding Committee heard ample expert testimony that this new estate tax is actually a negative in terms of state revenue. By inducing mobile retirees to move their legal residence out of state, there is really a loss of revenue rather than a gain, because the state not only loses the estate tax but also loses the income and other taxes it would have collected if the retiree had remained a Connecticut resident. Retirees are the most mobile sector of our society. They are not connected to schools or jobs and are able to stay in touch with family and friends better than ever with all of our modern communications.

Youth Health

Two important steps were taken to protect the health of our youth. The General Assembly prohibited public schools from selling high calorie soda and provided financial incentives to local school districts that ban the sale of junk food. This is a healthy response to the growing concerns of pediatricians and parents regarding obesity among young people, due partly to making the wrong food choices and partly to increased time spent watching a screen rather than exercising. The Center for Disease Control reports that 17% of American children are overweight, and the number is rising. Soda



sweetened with high fructose corn syrup is a contributor.

The soft drink industry lobbied hard to try to prevent the Connecticut legislature from passing the bill. Ironically, however, within 48 hours of its passage Coke, Pepsi and Cadbury Schweppes, which sell 90% of all soft drinks, announced a national agreement with the Alliance for a Healthier Generation to withdraw high calorie soft drinks from cafeterias and vending machines in both public and private schools nationwide. The industry opposed this measure on the floor of the Connecticut General Assembly and then agreed to it nationwide!

This alone will of course not solve the problem of childhood obesity. Other factors besides school soft drinks are involved, but the state has taken a useful step in recognizing its responsibility to address the problem.

A second measure adopted this year aims to prevent underage drinking. It makes it illegal for a minor under 21 to possess alcohol anywhere, rather than only in public places. It also makes it illegal for an adult to knowingly allow minors to possess alcohol in the adult’s home – the key word is “knowingly.” Some have argued that parents should be allowed to provide alcohol to other people’s children to prevent them from drinking elsewhere, but I believe that is a false choice – they should not be drinking at all. Again, this measure alone will not solve the growing problem of teenage alcohol abuse, but the state has a responsibility to step in and play a role.

Transportation

The most significant accomplishment of this legislative session was the enactment of a major transportation investment plan. Building on Governor Rell’s initiative last year to replace all 342 Metro North rail cars, together with a new year-round rail car repair facility, this year the General Assembly took the next step and authorized a \$2.3 billion plan to provide better mobility for Connecticut’s future.

The plan authorizes a wide variety of transportation projects to be built over the next ten years, most of them in the public transportation area. These include establishing rail commuter service between New Haven, Hartford, Bradley Airport and Springfield. Of particular value to our part of the state, the plan calls for improving the New Canaan, Danbury and Waterbury branch rail lines and improving parking and railroad station facilities throughout the system.

The individual projects are important, but the significant change mandated for the Department of Transportation is even more important. For too long the DOT has been overly focused on roadwork at the expense of developing a comprehensive statewide plan giving travelers a range of mobility options including, in particular, public transportation. As amply demonstrated by the unsustainable glut on I-95 and the Merritt, we can no longer have one person traveling in one car on concrete everywhere, every day. I look forward to a new and more imaginative approach to state transportation planning.

The plan also recognizes for the first time that our transportation future is inextricably interlinked with our larger neighbors in New York and Massachusetts, both of whom are, frankly, ahead of Connecticut in the transportation planning field. The bill authorizes the DOT

to enter into a collaborative relationship with them to discuss and address mutual needs.

Energy

Unhappily, no action was taken to address Connecticut’s serious energy challenges. The price of gasoline and natural gas continue to rise. In our southwest part of the state electric supplies are inadequate to meet growing demand while prices rise rapidly.

Governor Rell and I both proposed the establishment of an Energy Department to pull together the state’s fragmented bits and pieces dealing with this issue so that the state can develop a comprehensive energy plan, particularly as to electricity – something we now do not have. We all know from our monthly bill that the electric deregulation law adopted in 1998 has not worked. The bill stifled competition in Fairfield County while our region’s demands grew and our antiquated supply chain did not. The Federal Energy Regulatory Commission has not helped either, imposing further “penalty” rate increases.

The state needs an additional 500 to 750 megawatts of additional power and must also do much more in conservation. At a recent energy “summit” in Hartford there were predictions of electric cost increases of 20% and up next year. The legislature must face the reality that a stable, affordable and reliable source of electricity is essential for our economy and our personal lives.

The need to move away from our country’s dependence on unstable sources of foreign oil is a national problem, but Connecticut took a small step in that direction by expanding the state sales tax exemption for hybrid and other high mileage vehicles.

Other Bills Enacted

Also enacted were:

- A bill to combat the growing national problem of infections acquired in hospitals.
- A measure to protect journalists from having to report confidential information unless this is necessary to prosecute a crime.

Bills Rejected

A variety of measures were ignored, defeated or vetoed by the Governor.

- Fortunately a number of anti-business bills were defeated, including both a protectionist measure which would have undercut Connecticut’s global trade position and an ill-advised attempt to gag employers’ ability to communicate with their employees, in conflict with the National Labor Relations Act.
- Governor Rell wisely vetoed a bill aimed at handcuffing her ability to privatize state functions through competitive bidding among private sector providers.
- The Governor also vetoed a bill which would have allowed adults who were adopted as children to obtain a copy of their original birth certificate over the objection of the birth mother.
- A gasoline “zone pricing” bill which would have prevented gasoline distributors from selling gas from the same tanker truck at different prices to different gas stations passed the Senate with my support but was not taken up for a vote in the House.
- The US Supreme Court ruling that the City of New London could use eminent domain to take a citizen’s home for use by private developers placed Connecticut at ground zero in the national debate on this issue. However, proposals to reform Connecticut’s antiquated laws in this area were considered in committee

